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27 March 1980

MEMORANDUMJamaica: Manley's Recent Performance

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Key Judgements

--Prime Minister Michael Manley, digging in for an uphill re-election effort, is yielding unprecedented influence to ruling-party radicals. The influence of the leftists, however, is reaching a peak at a time when the tenure of Manley's government is likely to be short-lived. [redacted]

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--Manley will join the leftists in a campaign effort to make the International Monetary Fund a scapegoat for seven years of economic decline under his administration. We doubt, however, that he believes this short-term political tactic will lead to a workable strategy of economic development for Jamaica. [redacted]

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--Since his private exchange with US officials last November, Manley has softened his public criticism of Washington while still trying to keep the support of local radicals, Cuba, and the Soviet Union. [redacted]

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--Manley is personally more committed to fundamental social and economic reform in Jamaica than to Western-style democracy. Nevertheless, he has made major concessions to his majority-based opposition by agreeing to electoral reform and to an

This memorandum was prepared by John Gannon of the Latin America Division of the Office of Political Analysis. Information in this memorandum includes all reports received through 26 March. It was coordinated with the Office of Economic Research and the Clandestine Service. Questions and comments may be addressed to Chief, Latin America Division [redacted]

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early election--a year before the end of his constitutional mandate. [redacted]

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--Trends still strongly favor the election this year of the moderately inclined Jamaica Labor Party, but political and economic stability on the island is rapidly deteriorating. The loss of IMF support will intensify the island's already severe social and economic problems. [redacted]

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--We expect Cuba to increase its clandestine assistance to Manley in the months ahead, and we believe that the Soviets will maintain close contact with members of Manley's party and government. We doubt, however, that either Communist country is now considering any action to help Manley stay in power unconstitutionally. [redacted]

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Prime Minister Michael Manley, digging in for a tough reelection fight, is yielding unprecedented influence to ruling-party radicals. At the same time, however, he has been trying to avoid conflict with the United States. Trends still strongly favor the election this year of the moderately inclined trade union-based Jamaica Labor Party (JLP), but political and economic stability on the island is deteriorating rapidly. [redacted]

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#### Recent Actions

Last weekend the radicals engineered a vote by the ruling People's National Party's (PNP) executive council to discontinue negotiations with the International Monetary Fund (IMF). Eric Bell, Manley's widely respected Finance Minister, quit in protest on Sunday before the Cabinet approved the break. Richard Fletcher, Bell's ablest deputy and a relative of Manley's, also resigned. [redacted]

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Manley, who had privately supported Bell's talks with the IMF, bowed to the radicals and appointed one of their foremost spokesmen, Hugh Small, as Finance Minister--the first time a radical has held the post in any Jamaican government. The Prime Minister probably is skeptical of the radicals' promised alternative development plan--he rejected a previous plan in favor of the IMF in 1977--but he will

join the leftists in a campaign effort to make the IMF a scapegoat for seven years of economic decline under his administration. [redacted]

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The influence of leftists--who now control the state-owned media as well as the key ministries of finance and national security--has reached a peak at a time when the tenure of Manley's government is likely to be short-lived. Strictly from a political standpoint, Manley's support for the radicals will enable him to exploit their considerable energy and organizational talents through the election and will probably keep them united behind his leadership if the PNP loses the election. The alternative for Manley--continued support for the IMF and a break with the left--would not have helped his reelection chances and probably would have left him with an insufficient power base to serve as an effective opposition leader. [redacted]

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#### Manley and the United States

Since his frank, private exchange with US officials last November, Manley has softened his public criticism of Washington while still trying hard to maintain the support of local radicals and of both Cuba and the Soviet Union. He has backed down from the increasingly anti-US position he took last year, first at the Nonaligned Summit in Havana and later in a joint communique with Iraq. He has supported the United States in the UN on major issues concerning the hostages in Iran and the Soviet invasion of Afghanistan. [redacted]

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In Miami last December, Manley stated that he does not believe that the CIA is trying to destabilize his government--the first time he has exonerated his favorite "whipping boy"--and later in Jamaica he dramatically praised the United States as a positive influence on modern civilization. In a departure from past behavior, he has made no public effort to exploit the personally embarrassing leak to the US press of his meeting with US officials. [redacted]

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On the other hand, Manley has done little to restrain the anti-US pronouncements of the minority radical factions of his party and government, and the government-controlled media have continued to take positions sympathetic to Cuba and the Soviet Union. Jamaican leftists, on the whole, are conducting business as usual, confident as ever of Manley's protection. [redacted]

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### Economic Policy

Manley's performance on the economy also had been mixed before he opted to side with the radicals. His most important actions, however, had favored political moderates and the restoration of Jamaica's three-year agreement with the IMF. He had been openly critical of the stiff, IMF-required austerity and apparently had believed that the existing agreement would impose excessive social and political strains without promoting real economic growth. Nonetheless, he had told the radicals that, despite his respect for their political position, he backed a new IMF agreement. To break with the Fund, he implied, would raise false expectations among a hard-pressed population. [redacted]

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In the end, Manley joined the leftist campaign to exploit growing disenchantment with the IMF across Jamaica's political spectrum. Even moderates--including the JLP leadership--apparently had backed Manley's efforts to negotiate easier terms. They generally agree with Manley's earlier warning to the radicals, however, that the country has no reasonable alternative to the IMF to stave off virtual economic collapse this year. [redacted]

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In an election year, Manley is trying to mobilize the leftist, youth-oriented organization that helped him in past elections and to distance himself from the policies that have nearly ruined Jamaica's economy since he took office in 1972. We doubt, however, that he believes that his short-term political strategy will lead to a workable long-term strategy of economic development for Jamaica. [redacted]

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Democracy

Manley is personally more committed to fundamental social and economic reform in Jamaica than to Western style democracy. He has made no attempt in recent months to alter the open support for socialism that has won him admiration among local and foreign leftists. [redacted]

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Nonetheless, the Prime Minister made major concessions to his majority-based opposition when he agreed to electoral reforms and to an early election--a year before the end of his constitutional mandate. This action has improved prospects for democracy on the island and has lessened the importance of Manley's static personal convictions. [redacted]

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Bell's resignation and the PNP's rejection of the IMF probably will prompt demands for immediate elections among a moderate majority that includes the private sector, powerful unions, and the independent press. We believe that Manley, recognizing his decreasing options, is probably looking beyond an election defeat to an early return to power constitutionally--in the manner of his friend, Canadian Prime Minister Trudeau. Furthermore, we believe that the break with the IMF probably will force him to advance the date of the promised election. [redacted]

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Cuba and the Soviet Union

Manley is maintaining close and friendly relations with Cuba and the Soviet Union, and he is allowing their more vociferous local advocates to continue propagandizing on their behalf. We expect Cuba to increase its clandestine assistance to Manley in the months ahead and we believe that the Soviets will stay in close contact with members of the Prime Minister's party and government. [redacted]

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Nonetheless, the investment necessary to prop up Manley is becoming increasingly costly for any outside force. We doubt that either Cuba or the Soviet Union is now considering any action to help Manley stay in power unconstitutionally--although we do not rule out increased assistance to Manley by either country. Moreover, Manley does not appear to be

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following a long-term political strategy. His recent actions confirm his longstanding tendency to employ short-term tactics in an increasingly difficult effort to hold together his crumbling party and government. [redacted]

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### Prospects

The majority-based JLP is strongly favored to defeat Manley in the election this year. A remote chance exists, however, that the combination of the unprecedented radical control of the ruling party and a growing potential both for social unrest and violent political conflict could upset the constitutional process. [redacted]

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The loss of IMF funds will intensify the island's already severe economic problems, which include staggering price increases, widespread shortages, plant shutdowns, unemployment--fast approaching 40 percent of the work force --and increasing labor unrest. As chances for major social and political violence increase, prospects for an orderly transfer of power to the JLP will decline. [redacted]

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In the event of major unrest, Manley, spurred by his now dominant radical advisers, could attempt to impose a State of Emergency that would ostensibly preserve law and order but also would restrict the JLP's campaign efforts and entrench the Prime Minister prior to the election. In this scenario, the government might even seek large-scale Cuban security assistance. [redacted]

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We believe, however, that the union-based JLP is now powerful enough to block Manley even if he were to impose a State of Emergency. We also believe that the Jamaican security forces are currently demoralized and disinclined to help Manley stay in power. Radical hopes for the near future, therefore, appear to depend on a collapse of law and order that would break the JLP's disciplined control of the anti-government majority and would justify intervention by the local security forces--and possibly by "friendly" foreign governments--to preserve the government of the day. For now, this is a worst-case scenario that is unlikely to unfold. [redacted]

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